

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS (1/28):
BUTTER: Grade AA closed at \$0.9100. The weekly average for Grade AA is \$0.9000 (-.0163).

CHEESE: Barrels closed at \$1.0900 and blocks at \$1.1100. The weekly average for barrels is \$1.0900 (-.0100) and blocks, \$1.1100 (-.0038).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market tone remains unsettled. Many producers and handlers still feel that the CME cash price level will move lower, but most indicate they would at least prefer a more stable price level versus the up and down cycles of recent weeks. Churning schedules across the country are seasonally quite heavy. Cream volumes are reported to be readily available from local and out of area sources. Butter stocks continue to increase as production surpasses sales. For the most part, current sales activity is rated as fair.

CHEESE: The cheese market is about steady. Most traders are expecting only a limited prospect for a sizeable price increase in the short term. Orders are generally for short term needs. Feature activity has stimulated sales in some markets. Cheddar aging programs continue to be rebuilt. Cheese production remains seasonally heavy. Offerings of most traditional current varieties are more than adequate.

FLUID MILK: A large snowstorm struck the East Coast at mid week. The resulting snowfall and cold temperatures caused schools, businesses, and government agencies from the Carolinas through New England to close for a day or two. Transportation schedules were severely disrupted by conditions and road closures. Retail bottled milk sales were very good just prior to the storm. Milk production, this week, ranges from steady in the Upper Midwest, Pacific Northwest, and the Southwest to increasing in the Southeast and East. Milk supplies are more than ample, but overall improved Class I usage has eased the volumes of surplus milk moving to manufacturing plants. Cream offerings are heavy in most regions of the country and demand is slow to fair.

DRY PRODUCTS: The market tones for most dry, dairy products are unchanged and weak. The nonfat dry milk market is weak with prices steady to lower. Production is heavy and offerings are more than ample. The dry

buttermarket market is weak. Stocks are heavy in the Midwest and West; balanced to fully adequate in the East. Demand is sluggish and buyers are price sensitive. The dry whey market is steady to weaker and prices are unchanged to fractionally lower. Spot domestic demand is slow to fair. The lactose and WPC market are mostly steady. A growing concern for both buyers and sellers is the increasing cost of transportation. Diesel fuel costs are escalating rapidly and fuel surcharges are becoming more common.

CCC: Net purchases for the week of January 24 - 28, totaled 10,638,028 pounds of nonfortified NDM from Western and Midwestern sources.

COLD STORAGE (NASS & FSA): U.S. cold storage holdings of butter on December 31, 1999, total 26.0 million pounds, down 14.0% from a month ago, but 0.2% higher than December 1998. Natural American cheese holdings total 446.6 million pounds, down 0.4% from a month earlier but 9.5% more than a year ago. Nonfat dry milk holdings at the end of November total 221 million pounds, 1.8% more than last month and 60.0% more than a year ago.

FEDERAL MILK ORDER MARKET SUMMARY (USDA, AMS): During December, about 10.2 billion pounds of milk were marketed under Federal orders. Producer deliveries were about 35.2% more than December 1998, and about 5.7% more than November 1999 on an estimated daily average basis. Milk utilized in Class I products in December was 1.0% more than last year on an adjusted basis. The average blend price was \$11.86, \$5.67 less than last year. Changes in class prices from year-earlier levels were: Class I, down \$4.55; Class II, down \$4.55; Class III, down \$7.71; and Class III-A, down \$2.74.

COMMERCIAL DISAPPEARANCE (ERS & AMS): Commercial disappearance of dairy products during the first eleven months of 1999 totals 150.99 billion pounds, up 3.1% from this comparable period in 1998. Comparing disappearance levels with a year ago: butter, American cheese, other cheese, and fluid products are all higher and NDM is lower.

CONSUMER PRICE INDEX (BLS): The December 1999 consumer price index (CPI) for all food is 165.4, up 1.9% from a year ago. The dairy products index at 162.1 is 2.9% above a year ago. The December to December changes in selected dairy products are: fresh whole milk +2.2%, cheese +4.0%, and butter -22.4%.

*****SPECIALS THIS ISSUE*****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 24	TUESDAY JANUARY 25	WEDNESDAY JANUARY 26	THURSDAY JANUARY 27	FRIDAY JANUARY 28	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.0900 (-.0025)	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.0900 (N.C.)	-.0025	\$1.0900 (-.0100)
40# BLOCKS	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.1100 (N.C.)	N.C.	\$1.1100 (-.0038)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$.8950 (+.0075)	-----	\$.8950 (N.C.)	-----	\$.9100 (+.0150)	+.0225	\$.9000 (-.0163)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 24, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0900
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$0.8875, 1 @ \$0.8850, 1 @ \$0.8875, 2 @ \$0.9000, 1 @ \$0.8975, 1 @ \$0.8950; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$0.9150

TUESDAY, JANUARY 25, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 26, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA @ \$0.8950; BIDS UNFILLED: 2 CARS GRADE AA @ \$0.8950; OFFERS UNCOVERED: 6 CARS GRADE AA: 1 @ \$0.9050, 1 @ \$0.9100, 1 @ \$0.9400, 1 @ \$0.9500, 1 @ \$0.9575, 1 @ \$0.9600

THURSDAY, JANUARY 27, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0850; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JANUARY 28, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 22 CARS GRADE AA: 8 @ \$0.9000, 1 @ \$0.8950, 1 @ \$0.9050, 1 @ \$0.9025, 4 @ \$0.9000, 2 @ \$0.9050, 1 @ \$0.9075, 1 @ \$0.9050, 2 @ \$0.9075, 1 @ \$0.9100; BIDS UNFILLED: 1 CAR GRADE AA @ \$0.8950; OFFERS UNCOVERED: 16 CARS GRADE AA: 4 @ \$0.9100, 4 @ \$0.9200, 2 @ \$0.9300, 2 @ \$0.9400, 2 @ \$0.9500, 2 @ \$0.9600

BUTTER MARKETS**DECEMBER COLD STORAGE**

U.S. cold storage holdings of butter December 31, 1999, total 26.0 million pounds, down 13.9% from November, but 0.2% above last December.

NORTHEAST

The market tone is unsettled to weak prices at the CME fell last week, but bounced back fractionally in Monday's (1/24) trading. Butter and cream contacts still think that prices will move lower, but they would really like them to "find a level" and hold there for a while. With price bouncing up and down, cream and butter sellers and buyers are put into the position of making "best guess" decisions on when and how much to purchase. Churning activity in the East is heavy and expected to hold at current levels for a while. Bulk and print butter stocks are more than ample for the slow to fair demand. Bulk sales are often moving in the range of 3-5 cents over the CME price/average. Print movement is just fair. Food service orders are steady.

CENTRAL

The butter market tone remains mixed. Butter producers and handlers have varying opinions as to what is currently happening pricewise or where near term prices will be. Some feel that the current CME price level might be around for a longer period of time than previously thought. Churning schedules remain seasonally active as

cream volumes remain readily available to local butter operations. Some Midwestern butter operations are receiving cream for other areas of the country, above and beyond regular sources. Print butter sales remain seasonally fair. Some printers are reporting slightly improved buyer interest while most continue to report fair, short term need orders. Bulk butter demand is fair at best. Bulk prices are running in a range of 1 1/2 to 4 cents above various pricing bases.

WEST

Butter production remains very heavy for this time of the winter season. Storage stocks of butter are on the increase. Cream offerings are heavy and most are clearing to the churns at this time of the year. Demand ranges from fair to good for bulk butter from both within the region and from other areas of the country. Some print features are noted at retail and this factor is stimulating good sales activity. Food service orders are somewhat slower than a few weeks ago, but they are rated good for the winter season. Current bulk prices range from 4 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE	39% MOISTURE		BUTTER	DRY WHEY
	40# BLOCKS	BARRELS	NDM		
JANUARY 22	1.1432 4,710,422	1.1178 8,125,530	1.0123 19,483,544	.9008 4,789,361	.1798 7,815,428

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are unchanged to fractionally lower and the market tone is weaker. With Super Bowl coming, most orders have been shipped and distributors are making last minute deliveries. Super Bowl weekend marks the last big snack-food weekend for a while and some contacts feel that cheese sales will slow for the next several months. Currently, cheese production levels are heavy and expected to remain heavy through summer. Stocks of cheddar are more than adequate for current needs and mozzarella supplies are balanced. Fast food features are clearing good volumes of process. Overall demand is slowing and most buyers and distributors are staying quite current on their purchases. Even though prices are low, there are few incentives to take on inventories at this time.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1300-1.6200
Cheddar Single Daisies	:	1.1100-1.5700
Cheddar 40# Block	:	1.2550-1.4325
Process 5# Loaf	:	1.3200-1.4725
Process 5# Sliced	:	1.3400-1.5775
Muenster	:	1.3125-1.6150
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Cash prices at the Chicago Mercantile Exchange continue at levels within a few cents of the CCC purchase price. Many traders are not expecting prices to change significantly before summer without a large reduction in milk and cheese production. Current demand is generally moderate as buyers do not feel the need to build inventory beyond short term needs. Many buyers are more price conscious, often expecting promotions or discounts to help complete the deal. However, aged cheddar programs continue to be rebuilt. Milk intakes are increasing in some areas with other locations unchanged. Plant operators are adapting to changes to milk price associated with Federal milk order reform.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2800-1.5100
Brick And/Or Muenster 5#	:	1.4500-1.6750
Cheddar 40# Block	:	1.4600-2.1150
Monterey Jack 10#	:	1.6300-2.1150
Blue 5#	:	1.8100-2.0600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5300-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : JANUARY 24 - 28, 2000

BARRELS*	:	\$1.0900 - 1.1150 (NOMINAL)
	:	(-\$0.0025) (-.0075)
40# BLOCKS	:	\$1.1100 - 1.1450 (NOMINAL)
	:	(-\$0.0050)

() Change from previous week. * If steel, barrel returned.

WEST

Prices are generally steady for most styles and varieties of Western cheese. Contacts believe that additional cheese has been moving through retail channels in anticipation of the Super Bowl weekend festivities. They wonder what sales activity will be like when those needs are covered. Some buyers are viewing these price levels as a good opportunity to stock up their inventories. Some sellers see indications that some buyers are reaching a comfort level on inventories and will have no incentive to stock further. End of December U.S. stocks of American cheese total 446.6 million pounds, up 9.5% from last year. Swiss stocks at the end of the month total 8.3 million pounds, down 29.5% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2575-1.5175
Cheddar 40# Block	:	1.2350-1.3750
Cheddar 10# Cuts	:	1.4150-1.6350
Monterey Jack 10#	:	1.4250-1.5850
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4200

FOREIGN

Prices and the market tone are unchanged. Consumption levels, already slow after the holidays, are expected to drop a little more now that football playoffs and all the parties/tailgating come to an end. Stocks of most types of cheese range from light to adequate.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-3.1400 : 1.4600-2.9550
Gorgonzola	:	3.2400-5.9400 : 2.0150-2.4900
Parmesan (Italy)	:	TFEWR : 2.8750-3.3800
Romano (Italy)	:	2.1000-2.5400 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 1.4750-1.7550
Romano (Cows Milk)	:	-0- : 2.6375-4.8250
Sardo Romano (Argentina)	:	2.6500-3.2900 : -0-
Reggianito (Argentina)	:	2.6500-3.2900 : -0-
Jarlsberg-(Brand)	:	2.7400-3.3100 : -0-
Swiss Cuts Switzerland	:	-0- : 2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500 : -0-
Swiss Cuts Austrian	:	2.2500-2.7500 : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-3.0900 : -0-
Gouda, Large	:	2.3900-3.1500 : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	:
01/24/00	8,992	: 109,701
01/01/00	6,419	: 111,383
CHANGE	2,573	: -1,682
% CHANGE	40	: -2

FLUID MILK AND CREAM

E A S T

Under the new Federal milk order reform pricing system, the base price for Class I milk for February 2000 is \$10.71, down 19 cents from January. Class I differentials specific to each order are added to the base price to determine each order's Class I price. The Class II skim milk price for February is \$8.42, unchanged from January. This week's weather in the East has been the major topic of conversations. Most of the East Coast was hit by a large snow storm and many cities literally shut down Tuesday and much of Wednesday. Snowfall amounts of more than twelve inches were common from the Carolinas through New England. Schools, businesses, and Government Agencies were closed. Transportation schedules were severely disrupted as many urban highways and streets were impassable. Some Interstate highways were closed for much of Tuesday and part of Wednesday. Bottled milk sales were very good due to panic buying before the storm. Sales are expected to remain good because another storm is being forecast for the weekend. The good Class I demand is keeping surplus milk volumes lighter than they have been. In the storm affected areas, schools were closed impacting bottling schedules. However, these slowdowns were often offset by increased retail demand. Milk production is steady to slightly higher in most of the East. The colder temperatures in parts of Florida and other Gulf Coast States have slowed the milk production gains seen before the cold weather. Florida handlers cleared some excess milk early in the week, but improved demand forced them to bring those loads back at midweek. The condensed skim market is little changed. The announcement of the February Class II skim price at \$8.42 showed no change from the January price. Couple this with the Class II nonfat solids price of \$.9356 and contacts see little change in Class II condensed skim prices in February. The fluid cream market is weak. Supplies are heavy and demand is slow to fair. This week's transportation problems also had an effect on delivery schedules. Another transportation situation has reappeared. Some contacts have already experienced it, but in the Northeast, haulers will be adding fuel surcharges beginning February 1. Diesel fuel costs have jumped sharply (as much as 80 cents per gallon) in the past two weeks and prices at the pump are near or above \$2.00 per gallon. Demand for fluid cream is about steady. Spot prices are often lower as last week's CME butter average decreased two cents from the week before. Ice cream and cream cheese producers are taking heavy volumes of cream, but quite a few loads are still ending up in local and Midwestern butter plants.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.0996-1.2370
DELIVERED EQUIVALENT ATLANTA	-	1.0996-1.2095 M 1.1362-1.1729
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.1729-1.2095

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9900-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .9000-.9500

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 21 - 27, 2000	14
PREVIOUS WEEK	14
COMPARABLE WEEK IN 1999	0

DESTINATIONS: MISSOURI 14

Class I demand within the region was steady to improved, especially where localized feature activity is occurring, such as \$1.00 off on gallon purchases. Some handlers and plant operators were contacted about shipping milk for

extra spot demand in winter storm affected Southeastern states. However, no extra shipments were reported, at least from Wisconsin. A couple loads were reportedly sent into the South from Michigan. Manufacturing milk demand is steady to often lighter with spot prices paid reported from flat class/MCP to about a \$1.00 over, mostly +\$.50. Handlers and plant operators continue to position themselves for the anticipated extra spring milk volumes that will test manufacturing capacity in the region. Reports indicate that limited volumes of surplus milk continue to be diverted to upper Midwestern manufacturing plants, mainly on weekends. In general, plant milk intakes meet or exceed year ago levels in the region. The seasonal or below normal temperatures have at least temporarily, stabilized plant receipts in some locations. The colder weather is causing the cows to utilize extra energy to keep warm rather than produce milk. Overall, milk intakes continue to creep seasonally higher in the region. Cream demand remains good, bolstered by cream cheese and cottage cheese interest as well as last minute dip production for Super Bowl activities. Cream prices are lower due to the decline last week in the cash butter price at the Chicago Mercantile Exchange and a reduction in multiples.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JANUARY 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.00- 42.00	\$ 32.00- 38.50
REPLACEMENT HEIFER CALVES	\$250.00-320.00	\$180.00-225.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JANUARY 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 44.00	\$ 26.00- 39.00

W E S T

There are reports of limited effects of the rainfall that has been prevalent over much of the northern and central milk producing areas of California during the last week. The investments in free stall barns during the last several years are paying dividends for the many producers who have the facilities. Many of the improvements were made following wet weather conditions, most recently adversely affecting milk production in January 1998. Production levels remain well above a year ago across the state. Feed prices remain good for a wide variety of feedstuffs. The recent rains have replenished soil moisture and placed snow in the mountains, both will help crops later this year. Alfalfa harvest is expected to begin in the Imperial Valley during the first half of February. Milk production levels in New Mexico are holding at steady to higher levels with recent weeks. Weather conditions are dry and temperatures are generally above normal. The conditions are favorable for milk production in keeping feedlots and facilities dry and clean. Heifer prices are still high with a recent sale bringing \$1500 per animal. Cow prices are reported to be lower, attributed to current milk prices. Cream is plentiful, moving to churns in the region and being shipped to other regions. Pricing levels are currently highly negotiable. Milk production remains very heavy in the Pacific Northwest region. More contacts are wondering what the spring flush will be like with output this heavy now. The recent wet weather has broken for the time being giving things a little chance to dry out. Very little culling is taking place with most producers hanging on to low end animals because they want the cash flow and they have feed and hay in storage at moderate prices. The warm and wet weather of the past ten days is beginning to add stress to the milking herds in Idaho and Utah. Those producers without free stall barns are noticing an increase in SCC and mastitis. Feed lots are now muddy which leads to disease outbreaks and additional physical stress. Temperatures are also just right for the occurrence of more cases of pneumonia. Most of these problems are only noticed in scattered instances and are not widespread. Milk output overall remains heavy. Producers continue to search for cows and heifers to fill up expanded or new facilities. Some concern is noted about the light snow pack in place so far may limit irrigation water potential for the spring season.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/27/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to lower on a weak market. Attractive prices are being offered to compete with West coast prices and the ample inventories available in the Central region. Product is clearing best into the CCC and on regular commitments. Spot loads are moving into cheese and blend plants. Most dryers are operating at capacity as milk volumes remain heavy. High heat product is moving well with some good premiums noted on brand and location specific product. Buyers are purchasing NDM only on an as need basis as the market is anticipated to remain lackluster.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9900 - 1.0200 MOSTLY: 1.0100 - 1.0200

DRY BUTTERMILK - CENTRAL

Prices are lower on a weak market. Some producers and buyers are hesitant to trade until there is more stability in the market. Others are taking the option to trade and negotiating at prices that are mostly in the 63-68 cent range. Demand is generally slow with resellers, ingredient facilities, and animal feed operations clearing product the best. Production is steady to heavier with the ample milk supplies. Condensed product is readily available for the light interest.

BUTTERMILK: .6300 - .7900

DRY WHEY - CENTRAL

Prices are unchanged to lower on a weak market. Some producers are sold out of product while others are discounting to clear heavy supplies. Brand specific product is clearing well at the higher end of the range. Export demand is generally good with renewed interest from Mexico beginning to appear. Producers with the bulk of their sales based on contract are in the best position. Production is steady with most plants operating at capacity. Buyers are purchasing on an as need basis for food blends and feed applications. Condensed whey is readily available for the light demand. Most trade members find it difficult to speculate where this market will settle during the first quarter.

NONHYGROSCOPIC: .1650 - .1900 MOSTLY: .1725 - .1825

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on a steady to weak market. Milk replacer supplies are increasing and encouraging lower prices. Demand is generally steady. Roller ground prices are lower as producers compete for the seasonal light to fair demand. Roller ground and delactose production is steady. Some delactose producers that also supply food markets are tight on supplies and finding it difficult to meet additional interest. WPC producers are noting some increased interest from delactose users as the prices are somewhat similar. Off grade delactose is readily available for the good interest. Although the North Central veal market is weak, demand for feed items is steady as dairy producers are less inclined to keep their calves in the lackluster milk markets. Veal production for December reached a record low at 6% below the previous record low in 1998. Hog prices are generally trending higher with December pork production 5% lower than in December 1998.

MILK REPLACER: .1350 - .1700
STANDARD: TFEWR
ROLLER GROUND: .1600 - .1875
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. Contracted commitments are clearing product the best. Good interest is being generated on export markets for the higher mesh sizes and feed quality product. Spot trading is generally light with domestic feed buyers showing the most activity. Supplies of animal feed grade lactose are increasing as new producers enter the market. Extra grade product available for feed use is available at the lower end of the range. Production schedules are steady with most plants operating at capacity. Inventories are mostly in balance to sold out.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2500 MOSTLY: .1950 - .2050

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a steady market. Reports continue to conflict between Western and Central regions. Central suppliers are reporting tight supplies and prices above the average while Western producers are a little long and clearing product at the lower end of the range. Canada, Mexico, Japan, and China continue to show good interest in WPC. With a lack of high protein imports, veal buyers and brokers continue to search for alternative domestic supplies. Some trade members suggest that regular delactose users are considering WPC as the prices are rather similar and WPC does not contain undesirable ash. WPC continues to replace NDM in some markets. Condensed product is clearing well into feed and food facilities at the traditional prices of 3-6 cents below the average. Some producers are indicating that the condensed market is tightening with the number of inquiries reported. Off grade product is readily available at substantial discounts.

EXTRA GRADE 34% PROTEIN: .4050 - .4600 MOSTLY: .4250 - .4450

NONFAT DRY MILK - WEST

Nonfat dry milk prices are unchanged, but the market tone remains weak. Reports of offerings below the range for low/medium heat are being noted. Production levels remain strong in the region and are expected to continue at high levels to process growing milk intakes. Some areas are seeing milk production declines due to winter weather conditions and heavy rains. The weak cheese market is not providing much incentive for cheese makers to standardize/fortify cheese vats, unless the condensed skim or NDM is priced very attractively. Offerings are plentiful in the region. Demand is fair and mainly limited to contracts. Lower prices in other regions are making it harder for Western NDM to be delivered into those regions competitively. Contacts continue to talk about heightened competition for standing LTL and even for pallet customers. Stocks remain heavy. During the week of January 17 - 21, CCC net purchases totaled 4.5 million pounds of nonfortified and fortified NDM from Western and Midwestern sources.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9850 - 1.0200 MOSTLY: 1.0000 - 1.0100

HIGH HEAT: 1.0200 - 1.0400

DRY BUTTERMILK - WEST

Prices continue to decline and the market tone remains weak. Offerings below the bottom end of the range have been reported, but with no confirmed sales. Some producers have put a floor on prices because they are losing money and they also sense that lowering prices will not move additional product. Production remains steady with recent weeks and limitations on dryer times continue. This is pressuring condensed buttermilk prices lower as processors attempt to keep current. Butter churning remains seasonally high in the region, leaving plenty of buttermilk solids available. Dry buttermilk stocks remain in excess.

BUTTERMILK: .6000 - .7400 MOSTLY: .6200 - .6400

DRY WHEY - WEST

Whey prices continue to weaken in the Western region. Stocks are heavier than desired at a number of plant locations. Domestic demand is rated as about steady. Buyers continue to take regular volumes of whey, but are hesitant to pick up any additional stocks because the market appears to be softening. Export sales to parts of the Far East are much slower because of the upcoming Chinese New Year celebrations. Buyers are not willing to receive product at this time of the year. Most have purchased ahead to have covered their needs. Western production levels continue to be above expectations.

NONHYGROSCOPIC: .1700 - .2050 MOSTLY: .1800 - .1900

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
January 21	\$1.0085	14,991,919
January 14	\$1.0086	13,742,329

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged. However, prices above the lower half of the ranges are meeting price resistance. The market tone is steady. Production levels are a little lighter as this week's storm caused a big run on bottled milk which reduced, temporarily, surplus milk volumes. Eastern producers' stocks range from fully adequate to ample. Some operations with DEIP contracts to fill are in good shape on inventories. Those producers with the heaviest and growing stocks are offering powder at the lower portions of the range, but buyers are pushing for still lower prices. Spot demand is just fair. Buyers see little reason to purchase too far ahead and are shopping for the best prices. To date, no Eastern powder has been offered to CCC (except for package approval), but more contacts believe that it will not be too long before we see Eastern NDM being offered on a regular basis. Reportedly, some plants are waiting for bags to be delivered. Another issue in the market is freight. Fuel costs are rising rapidly and most haulers are, or soon will be, charging fuel surcharges.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9900 - 1.0300 MOSTLY: 1.0000 - 1.0100
HIGH HEAT: 1.0400 - 1.1000 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone remains weak. Production levels are steady to heavier, paralleling churning activity. Producers' stocks are fairly well balanced in the East, but they are more than ample in most other regions. Demand is steady, but with prices falling into the mid 60's in the Midwest and West, buyers are showing more interest in dry buttermilk.

F.O.B. NORTHEAST: .7500 - .7750

DELVD SOUTHEAST: .7000 - .7700

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are still geared to meeting orders and not building inventories. Spot domestic demand is slow to fair and generally for replacement volumes. Export demand is steady and some new, moderate volume DEIP bids have accepted. However, this week's snow storm closed government offices in Washington and there have been few DEIP acceptances, for any product, this week.

F.O.B. PRODUCING PLANT: 1.0700 - 1.2500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH JANUARY 21, 2000

WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	79,158	MT (174,511,727 LBS)
CHANGE	--	663	MT (1,461,650 LBS)
WHOLE MILK POWDER	--	5,813	MT (12,815,339 LBS)
CHANGE	--	590	MT (1,300,714 LBS)
CHEESE	--	1,356	MT (2,989,438 LBS)
CHANGE	--	95	MT (209,437 LBS)
BUTTERFAT	--	3,763	MT (8,295,910 LBS)
CHANGE	--	795	MT (1,752,657 LBS)

Allocations for the DEIP year beginning July 1, 1999, are: Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT; Cheese - 3,190 MT; Butterfat - 25,475 MT. These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is weak. Production levels are heavy and producers' stocks are growing faster than desired. One plant, making repairs/renovations, after being back on line this week, is expected to be down again next week. To keep product moving, some makers are discounting prices. Others are trying to hold prices where they are. Spot demand is slow. Export interest is also slow, but some producers are discounting prices in an attempt to stimulate some new sales.

F.O.B. NORTHEAST: EXTRA GRADE .1650 - .1825

USPH GRADE A .1900 - .2000

DELVD SOUTHEAST: .1950 - .2225

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. There is little change in the market tone. Offerings are more than ample for the steady, slow spot demand.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are about steady. With most plants caught up on replenishing inventories, output is geared more to filling orders. However, surplus milk offerings are readily available. Demand is slow to fair, but buyers are, more often, now back in the market now that pre-holiday stocks have cleared. The Kansas City Commodity office announced the purchase of 36,720 pounds of canned evaporated milk under EVD-1, invitation 623 at \$.4295 per pound for delivery in March 2000.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices remain firm. Stocks of both acid and rennet are reported to be in close balance with spot availability limited. Domestic buyers continue to indicate that they are getting their contracted commitments, but feel that some sources may be having difficulty in filling all needs. At this point, buyers are questioning the availability for near term deliveries.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.8000 - 1.9800

ACID: 1.8500 - 2.0500

NOTICE

Dairy Market News has added graphs for selected products on the Internet at:

http://www.ams.usda.gov/dairy/mncs/graph_main.htm

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

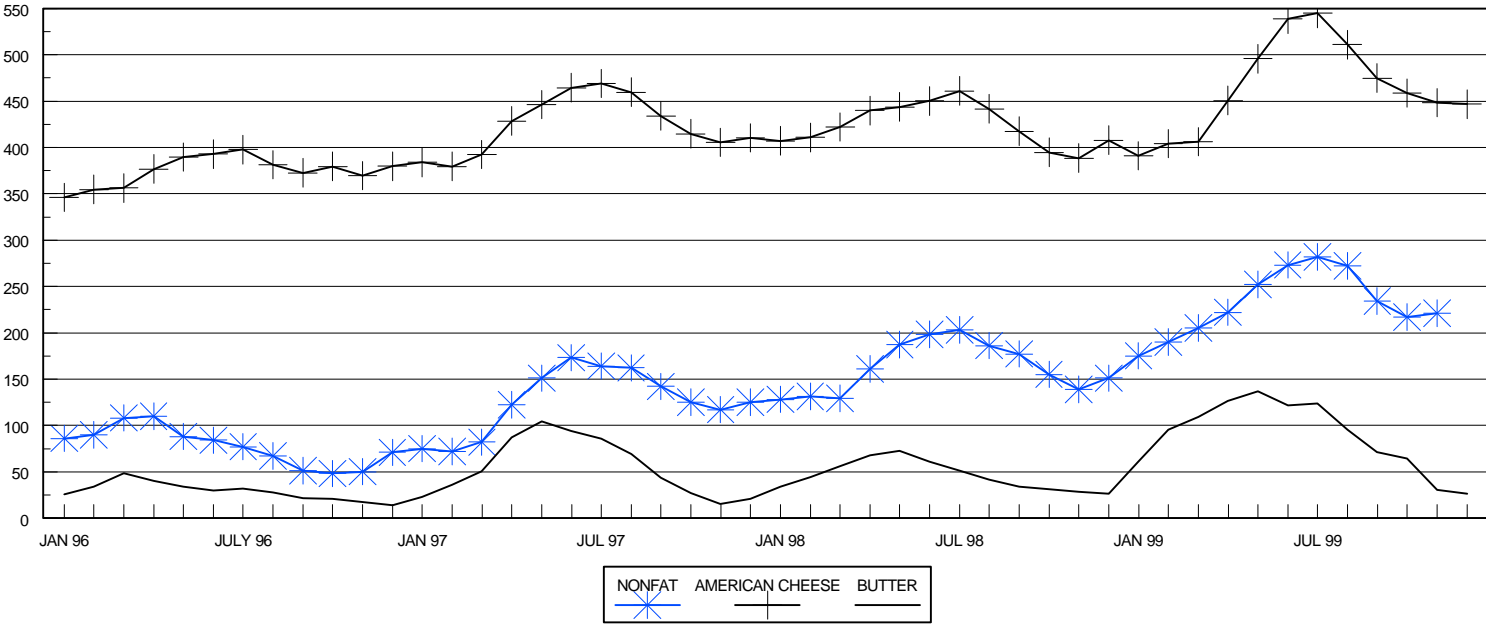
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	NOV 30, 1997	NOV 30, 1998	REVISED NOV 30, 1999	DEC 31, 1997	DEC 31, 1998	DEC 31, 1999
Cream	---	---	---	---	---	---
Butter	15,365	28,698	30,184	20,788	25,910	25,965
Evap. & Cond. Milk	---	---	---	---	---	---
Cheese, Natural American	405,484	388,529	448,250	410,418	407,692	446,612
Cheese, Swiss	13,450	11,911	9,075	13,843	11,838	8,346
Cheese, Other Natural	55,445	94,029	134,397	56,151	97,685	155,778
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	364	8	313	306	4	223
Natural American Cheese	149	26	24	103	120	18

DECEMBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1997	1998	1999	1997	1998	1999*	1997	1998	1999
New England	20,242	22,882	19,594	1,886	---	---	122	268	577
Middle Atlantic	38,711	43,037	39,402	1,312	---	---	5,660	6,684	7,075
East North Central	234,820	212,990	218,345	10,935	---	---	42,097	78,572	81,044
West North Central	60,207	54,698	97,261	895	---	---	3,024	3,620	51,391
South Atlantic	315	778	784	410	---	---	1,009	681	2,603
East South Central	188	204	0	39	---	---	1,424	301	150
West South Central	353	295	302	1,095	---	---	139	198	179
Mountain	12,096	14,489	10,990	331	---	---	620	748	272
Pacific	43,486	58,319	59,934	3,885	---	---	2,056	6,613	12,487
TOTAL	410,418	407,692	446,612	20,788	25,910	25,965	56,151	97,685	155,778

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COLD STORAGE HOLDINGS 1996 TO DATE
COMBINED GOVERNMENT AND COMMERCIAL

Million Pounds



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1998 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Million Pounds						Million Pounds						Million Pounds					
January	61	34	61	34	3/	3/	391	407	391	407	3/	3/	175	128	82	104	93	24
February	95	44	95	44	3/	3/	404	411	404	411	3/	3/	190	131	108	105	82	26
March	109	56	109	56	3/	3/	406	422	406	422	3/	3/	205	129	123	93	83	36
April	126	67	126	67	3/	3/	451	440	451	440	3/	3/	222	161	136	113	86	48
May	137	73	136	72	3/	3/	496	444	496	444	3/	3/	252	187	164	132	88	55
June	121	61	121	60	3/	3/	539	450	539	450	3/	3/	273	198	158	129	114	69
July	124	51	123	51	3/	3/	545	461	545	461	3/	3/	282	203	141	112	141	91
August	95	41	95	41	3/	3/	511	442	511	441	3/	3/	272	186	101	78	171	108
September	71	34	71	34	3/	3/	475	417	475	417	3/	3/	234	177	87	64	147	112
October	64	31	64	31	3/	3/	459	395	459	394	3/	3/	217	155	84	46	133	109
November	30	29	30	29	3/	3/	448	389	448	389	3/	3/	221	139	83	42	138	97
December	26	26	26	26	3/	3/	447	408	447	408	3/	3/	151		56		95	

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Nov 30, 1997	Nov 30, 1998	Nov 30, 1999	Dec 31, 1997	Dec 31, 1998	Dec 31, 1999
	Thousand Pounds					
Butter	15,001	28,690	29,871	20,482	25,906	25,742
Natural American Cheese	405,335	388,503	448,226	410,315	407,572	446,594

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (1-00) and "Dairy Products," Da 2-6 (1-00), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS, FEBRUARY 2000

Class I Base Price: Under the new Federal milk order reform pricing system, the Class I base price for February 2000 is \$10.71 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$7.72 and the advanced butterfat pricing factor of \$0.9302. Class I differentials specific to each order are added to the base price to determine the Class I price. **Class II Price Information:** The advanced Class IV skim milk pricing factor is \$7.72. Thus, the Class II skim milk price for February is \$8.42 per cwt., and the Class II nonfat solids price is \$0.9356. **Product Price Averages:** The two-week product price averages for February are; butter \$0.8768, nonfat dry milk \$1.0114, cheese \$1.1696, and dry whey \$0.1859.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/</u> <u>2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	February 2000		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		<u>\$ per cwt.</u>	<u>\$ per cwt.</u>	<u>\$ per pound</u>
Northeast (Boston) <u>4/</u>	001	13.96	10.97	0.9627
Appalachian (Charlotte) <u>5/</u>	005	13.81	10.82	0.9612
Southeast (Atlanta) <u>6/</u>	007	13.81	10.82	0.9612
Florida (Tampa) <u>7/</u>	006	14.71	11.72	0.9702
Mideast (Cleveland) <u>8/</u>	033	12.71	9.72	0.9502
Upper Midwest (Chicago) <u>9/</u>	030	12.51	9.52	0.9482
Central (Kansas City) <u>10/</u>	032	12.71	9.72	0.9502
Southwest (Dallas) <u>11/</u>	126	13.71	10.72	0.9602
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	13.06	10.07	0.9537
Western (Salt Lake City) <u>13/</u>	135	12.61	9.62	0.9492
Pacific Northwest (Seattle) <u>14/</u>	124	12.61	9.62	0.9492
All-Market Average		13.29	10.30	0.9560

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are principal pricing points of markets. 4/ Class I price at other points is: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. 5/ Class I price at other points is: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I price at other points is: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I price at other points is: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I price at other points is: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I price at other points is: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. 10/ Class I price at other points is: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I price at other points is: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I price at Boise is minus \$0.30. 14/ Class I price at other points is: Portland, same; and Spokane, same.

ANNOUNCED COOPERATIVE AND MINIMUM FEDERAL ORDER CLASS I PRICES IN SELECTED CITIES 1/												
CITY	JAN 1998			JAN 1999			DEC 1999			JAN 2000		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	16.04	17.24	1.20	19.92	21.07	1.15	14.57	16.07	1.50	14.00	15.75	1.75
Baltimore, MD	15.99	17.44	1.45	19.87	20.62	0.75	14.52	15.27	0.75	13.90	15.35	1.45
Boston, MA **	16.20	16.83	0.63	20.08	20.56	0.48	14.73	15.21	0.48	14.15	14.63	0.48
Carbondale, IL	14.97	16.83	1.86	18.85	20.21	1.36	13.50	15.21	1.71	13.10	14.81	1.71
Charlotte, NC	16.04	17.24	1.20	19.92	21.07	1.15	14.57	16.07	1.50	14.00	15.75	1.75
Chicago, IL	14.36	16.35	1.99	18.24	20.17	1.93	12.89	14.78	1.89	12.70	14.69	1.99
Cincinnati, OH	15.07	16.82	1.75	18.95	20.70	1.75	13.60	15.40	1.80	13.10	14.80	1.70
Cleveland, OH	14.96	16.71	1.75	18.84	20.34	1.50	13.49	15.09	1.60	12.90	14.30	1.40
Dallas, TX	16.12	16.37	0.25	20.00	20.25	0.25	14.65	15.70	1.05	13.90	15.20	1.30
Denver, CO	15.69	15.84	0.15	19.57	19.82	0.25	14.22	15.97	1.75	13.45	15.30	1.85
Des Moines, IA	14.51	15.90	1.39	18.39	19.24	0.85	13.04	14.44	1.40	12.70	14.10	1.40
Detroit, MI	14.81	15.79	0.98	18.69	19.61	0.92	13.34	14.34	1.00	12.70	13.95	1.25
Hartford, CT **	16.10	16.73	0.63	19.98	20.46	0.48	14.63	15.11	0.48	14.05	14.53	0.48
Houston, TX	16.66	16.91	0.25	20.54	20.79	0.25	15.19	16.24	1.05	14.50	15.80	1.30
Indianapolis, IN	14.86	16.70	1.84	18.74	20.29	1.55	13.39	14.94	1.55	12.90	14.45	1.55
Kansas City, MO	14.88	16.22	1.34	18.76	19.51	0.75	13.41	14.81	1.40	12.90	14.55	1.65
Louisville, KY	15.73	16.73	1.00	18.95	20.05	1.10	13.60	14.90	1.30	13.10	14.50	1.40
Memphis, TN	15.07	15.97	0.90	19.61	20.41	0.80	14.26	15.51	1.25	13.70	15.05	1.35
Miami, FL	17.14	19.56	2.42	21.02	23.39	2.37	15.67	18.64	2.97	15.20	18.32	3.12
Milwaukee, WI	14.27	16.26	1.99	18.15	20.08	1.93	12.80	14.69	1.89	12.65	14.60	1.95
Minneapolis, MN	14.16	15.49	1.33	18.04	18.87	0.83	12.69	13.94	1.25	12.60	13.95	1.35
New Orleans, LA	16.61	17.61	1.00	20.49	20.94	0.45	15.14	16.29	1.15	14.50	15.90	1.40
Oklahoma City, OK	15.73	16.48	0.75	19.61	20.36	0.75	14.26	15.56	1.30	13.50	14.90	1.40
Omaha, NE	14.71	16.05	1.34	18.59	19.34	0.75	13.24	14.49	1.25	12.75	14.00	1.25
Philadelphia, PA	16.05	17.47	1.42	19.93	20.65	0.72	14.58	15.20	0.62	13.95	15.37	1.42
Phoenix, AZ	15.48	15.48	0.00	19.36	19.36	0.00	14.01	14.61*	0.60*	13.25	13.85	0.60
Pittsburgh, PA	14.96	16.16	1.20	18.84	19.34	0.50	13.49	13.89	0.40	13.00	14.20	1.20
St. Louis, MO	14.97	16.83	1.86	18.85	20.21	1.36	13.50	15.21	1.71	12.90	14.61	1.71
Salt Lake City, UT	14.86	15.01	0.15	18.74	18.99	0.25	13.39	13.64	0.25	12.80	13.05	0.25
Seattle, WA	14.86	15.26	0.40	18.74	19.12	0.38	13.39	15.38	1.99	12.80	14.93	2.13
Spokane, WA	14.86	15.26	0.40	18.74	19.12	0.38	13.39	15.38	1.99	12.80	14.93	2.13
Springfield, MO	15.15	16.15	1.00	19.03	19.78	0.75	13.68	14.98	1.30	13.10	14.65	1.55
Washington, DC	15.99	17.44	1.45	19.87	20.62	0.75	14.52	15.27	0.75	13.90	15.35	1.45
Simple Average	15.39	16.52	1.13	19.27	20.16	0.89	13.92	15.22*	1.30*	13.38	14.85	1.47

*Revised.

**NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/
OCT 1999	165.1	1.9	164.1	5.9	162.8	7.9	167.4	6.8	143.9	-25.9	149.2	0.8
NOV 1999	165.2	1.9	164.6	5.6	165.7	9.1	165.7	4.7	135.6	-27.5	150.5	1.8
DEC 1999	165.4	1.9	162.1	2.9	158.6	2.2	165.3	4.0	131.0	-22.4	149.8	1.7
U.S. City Average Retail Prices												
Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Dollars											
OCTOBER	2.964	2.785	2.892	2.658	2.858	3.802	3.858	3.630	4.007	3.671	3.380	3.272
NOVEMBER	2.981	2.800	2.942	2.651	2.449	3.623	3.789	3.803	3.918	3.657	3.338	3.373
DECEMBER	2.876	2.859	2.833	2.758	2.272	3.176	3.850	3.738	3.845	3.759	3.404	3.301

NA = Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

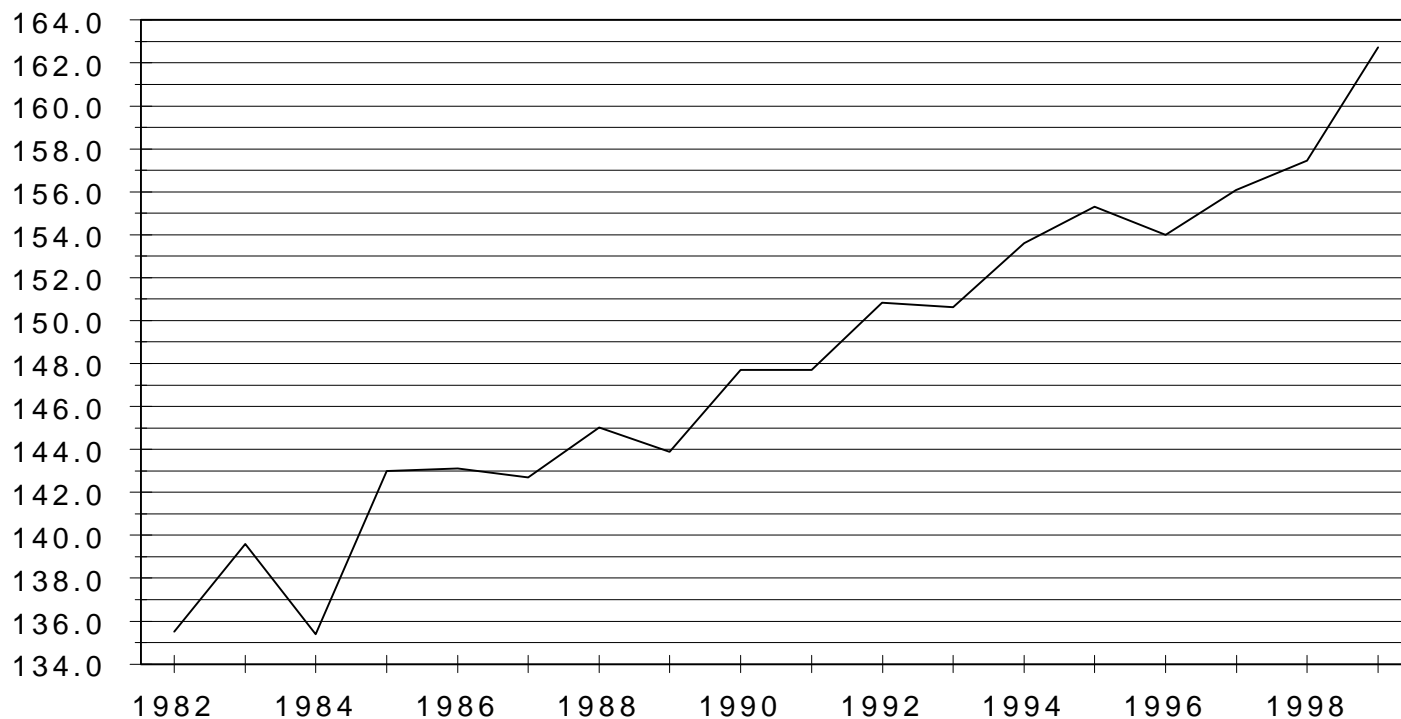
COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS-SEPTEMBER-NOVEMBER AND YEAR-TO-DATE 1998-99 1/

Item	Sep.-Nov. 1998	Percent change 4/	Sep.-Nov. 1999	Percent change 4/	Jan.-Nov. 1998	Percent change 4/	Jan.-Nov. 1999	Percent change 4/
	Million Pounds							
MILK								
Production	37,983	1.4	39,565	4.2	144,076	0.6	148,893	3.2
Marketings	37,643	1.4	39,240	4.2	142,830	0.7	147,703	3.4
Beginning Commercial Stocks 2/	6,173	-9.4	8,350	35.3	4,889	3.9	5,274	7.9
Imports 2/	1,338	74.2	1,274	-4.8	4,172	77.2	4,312	3.4
Total Supply 3/	45,154	1.0	48,864	8.2	151,891	2.0	157,289	3.6
Ending Commercial Stocks 2/	5,126	9.1	6,010	17.2	5,126	9.1	6,010	17.2
Net Removals 2/	43	-87.6	97	125.6	345	-63.4	288	-16.5
Commercial Disappearance 3/	39,985	0.9	42,757	6.9	146,420	2.2	150,991	3.1
SELECTED PRODUCTS 5/								
Butter	280.9	-4.2	331.6	18.0	1,026.6	1.3	1,078.7	5.1
American Cheese	836.8	1.1	951.3	13.7	3,061.7	2.3	3,292.0	7.5
Other Cheese	1,195.8	1.2	1,281.9	7.2	4,047.8	1.7	4,269.1	5.5
Nonfat Dry Milk	219.6	16.7	204.8	-6.7	792.1	-3.8	760.1	-4.0
Fluid Milk Products 6/	14,119.8	-0.2	14,129.7	0.1	50,492.8	-0.4	50,879.0	0.8

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

ANNUAL TOTAL U.S. MILK PRODUCTION

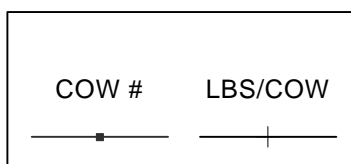
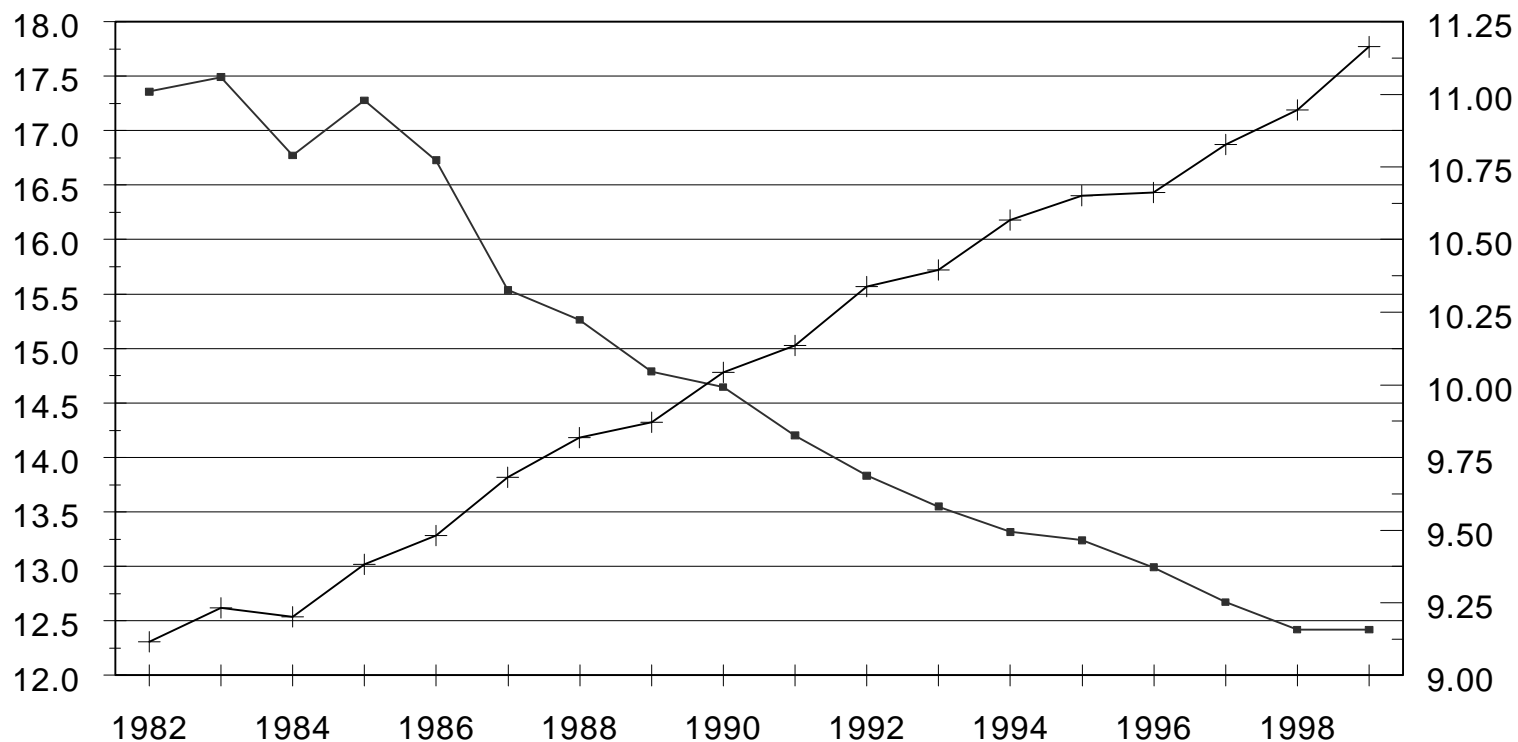
BILLION POUNDS



MILK PRODUCTION PER COW AND MILK COW NUMBERS

THOUSAND POUNDS

MILLION HEAD



FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR DECEMBER 1999. During December, about 10.2 billion pounds of milk were marketed under Federal orders. (Significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in December 1999 and 1998.) Producer deliveries were about 35.2 percent greater than December 1998, and about 5.7 percent more than November 1999 on a daily average basis. Milk utilized in Class I products in December was 1.0 percent more than last year on an adjusted basis. Class I use this year represented 40 percent of producer milk deliveries compared to 53 percent in December 1998. The average blend price was \$11.86 per cwt., \$5.67 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down \$4.55; Class II, down \$4.55, Class III, down \$7.71; and Class III-A, down \$2.74.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF DECEMBER 1999										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	524.6	5.2	260.5	12.6	59	46	12.87	17.90	8.6
New York/New Jersey (NY City)	2	961.8	-1.8	399.8	-5.0	42	43	12.38	18.17	8.6
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	586.9	9.7	253.0	8.4	43	44	12.47	17.35	---
NORTHEAST REGION		2,073.3	3.0	913.4	3.2	44	44	12.53	17.89	8.6
Carolina (Charlotte)	5	294.6	13.5	223.3	6.4	76	81	13.76	18.62	8.6
Southeast (Atlanta/Birmingham)	7	570.9	13.7	417.8	2.8	73	81	13.60	18.70	8.6
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 4/	248.2	0	221.2	1.8	89	88	14.84	19.45	8.6
SOUTHEASTERN REGION		1,113.8	10.3	862.3	3.4	77	83	13.92	18.86	8.6
Michigan Upper Peninsula (Marquette)	44 <u>5/</u>	5.5	13.2	4.6	7.6	84	88	12.35	17.36	8.6
Southern Michigan (Detroit)	40 <u>5/ 6/</u>	384.9	5.1	181.8	2.1	47	49	11.83	16.86	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	292.8	0.9	163.0	3.3	56	54	11.93	17.62	---
Ohio Valley (Columbus)	33	267.1	7.0	154.8	10.1	58	56	12.38	17.50	---
Indiana (Indianapolis)	49 <u>5/</u>	168.8	2.5	97.9	-7.5	58	64	12.38	17.12	---
Chicago Regional	30 <u>5/ 6/</u>	1,361.5	144.7	231.8	1.8	17	41	10.45	17.02	---
Central Illinois (Peoria)	50 <u>5/</u>	18.9	6.0	13.2	-11.5	70	84	13.25	17.63	8.6
S. Illinois-E. Missouri (Alton)	32 <u>5/</u>	160.2	33.6	94.0	13.3	59	69	12.37	17.56	8.6
Louisville-Lexington-Evansville	46	294.6	13.5	223.3	6.4	76	81	13.76	18.62	8.6
Upper Midwest (Minneapolis)	68 <u>5/ 6/</u>	967.6	284.3	140.6	0.3	15	56	10.20	16.91	---
Iowa (Des Moines)	79 <u>5/ 6/</u>	423.5	165.3	90.5	0.5	21	56	10.67	16.69	---
Nebraska/W. Iowa (Omaha/Sioux City)	65 <u>5/ 6/</u>	170.3	58.8	51.2	-1.4	30	48	11.17	16.17	---
Greater Kansas City/E. S. Dakota	64 <u>5/ 6/ 7/ 8/</u>	49.9	-8.0	---	---	---	---	13.16	17.92	8.6
MIDWEST REGION	<u>9/</u>	4,565.8	75.5	1,446.7	3.0	32	54	11.16	17.26	8.6

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF DECEMBER 1999										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106 <u>5/</u>	252.1	1.4	106.8	-14.3	42	50	12.11	18.05	8.6
Texas (Dallas)	126 <u>5/</u>	583.3	31.6	282.2	2.4	48	62	12.69	17.85	8.6
SOUTHWEST REGION		835.5	20.7	389.0	-2.8	47	58	12.51	17.92	8.6
E. Colorado/W. Colorado (Denver)	137 <u>8/</u>	147.4	2.8	74.3	-0.2	50	52	12.16	17.98	8.6
SW. Idaho/E. Oregon (Boise)	135 <u>5/6/</u>	278.9	362.7	16.9	8.4	6	26	10.03	17.26	---
Great Basin (Salt Lake City)	139	184.6	0.5	70.7	-11.9	38	44	11.34	17.51	---
Central Arizona (Phoenix)	131	259.1	13.8	69.1	-18.2	27	37	11.34	17.03	8.6
New Mexico-West Texas (Albuquerque)	138 <u>5/</u>	137.9	57.4	54.3	1.2	39	61	11.75	17.08	8.6
Pacific Northwest (Seattle/Portland)	124	576.6	3.1	178.7	-2.0	31	33	11.34	16.55	---
FAR WEST REGION		1,584.4	25.5	464.0	-5.5	29	39	11.22	17.01	8.6
ALL-MKT. AVERAGE OR TOTAL	<u>9/ 10/</u>	10,172.8	34.2	4,075.4	1.5	40	53	11.86	17.53	8.6
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		24,220.9	1.0	10,240.0	-0.2	42	43			
Southeastern Region		12,053.1	3.2	9,762.3	2.1	81	82			
Midwest Region		42,557.2	9.6	15,019.1	0.5	35	38			
Southwest Region		9,475.0	7.9	4,715.3	1.2	50	53			
Far West Region		16,354.2	1.5	5,611.3	-0.9	34	35			
ALL MARKET AVERAGE OR TOTAL	<u>9/ 11/</u>	104,660.4	5.3	45,347.9	0.6	43	45	14.09	14.92	----

1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$13.30. (4.0 minus 3.5 equals .5; 5 times \$.086 equals \$0.430; \$12.87 plus \$0.430 equals \$13.300.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1999, \$14.66 1998, \$19.26; and Southeastern Florida: 1999, \$15.35; and 1998, \$20.03. 5/ Due to a disadvantageous pricing situation in December 1998, handlers elected not to pool milk that normally would have been associated with the market. 6/ Due to a disadvantageous pricing situation in December 1999, handlers elected not to pool milk that normally would have been associated with the market. 7/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted. 8/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1999, \$10.98; 1998, \$17.42 and Western Colorado: 1999, \$13.37; 1998, \$17.87. 9/ Class I data for Greater Kansas City/Eastern South Dakota are excluded; this data could not be released without revealing individual business operations. See 7/. 10/ The total estimated volume of milk not pooled due to disadvantageous pricing situations was 250 million pounds in December 1999, and 2.3 billion pounds in December 1998. 11/ The total estimated volume of milk not pooled due to disadvantageous pricing situations was 13.8 billion pounds this year, and 16.0 billion pounds last year.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 24 - 28, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 01/21/00	SAME PERIOD LAST YEAR
BUTTER							
Bul k	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
NonForti fied	10, 770, 304	132, 276	10, 638, 028	82, 001, 261	728, 875	-0-	-0-
Forti fied	-0-	-0-	-0-	5, 077, 653	-0-	-0-	-0-
TOTAL	10, 770, 304	132, 276	10, 638, 028	87, 078, 914	728, 875	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 24 - 28, 2000 =	2.3	123.8	COMPARABLE WEEK IN 1999 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1999 =	19.2	1,013.6	CUMULATIVE SAME PERIOD LAST YEAR =	0.2	8.5
CUMULATIVE JANUARY 1 - 28, 2000 =	7.9	420.5	COMPARABLE CALENDAR YEAR 1999 =	0.1	7.3

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 24 - 28, 2000 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	551, 979	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	10, 086, 049	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	-0-	-0-	2, 779, 837	-0-	3.2	0.0
WEST	-0-	-0-	-0-	-0-	84, 210, 893	728, 875	96.7	100.0
EAST	-0-	-0-	-0-	-0-	88, 184	-0-	0.1	0.0
TOTAL	-0-	-0-	-0-	-0-	87, 078, 914	728, 875	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/08/00 & Comparable Week 1999 1/ 2/

Regions*											U.S. TOTAL	% DAIRY OF ALL
	1	2	3	4	5	6	7	8	9	10	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1
2000-Dairy cows HD (000)	0.2	1.0	6.8	6.8	22.6	3.2	1.2	1.3	11.1	3.6	57.7	102.0
1999-Dairy cows HD (000)	0.3	1.1	6.7	6.3	19.2	2.9	2.6	1.0	11.1	3.3	54.5	95.4
2000-All cows HD (000)	0.3	1.2	9.4	14.8	30.4	15.1	16.8	5.5	13.7	8.6	115.8	205.7
1999-All cows HD (000)	0.3	1.2	9.1	16.1	27.1	17.5	19.6	6.6	13.2	8.3	119.0	209.6

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63